

YARDI **M**ATRIX

Data provided by **Pierce**-Eislen

Philadelphia

Multifamily Summer Report 2015

Center City Revival
Spurs Optimism

Education, Health
Sectors Lead Growth

Rent Growth Weak



PHILADELPHIA MULTIFAMILY

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Market Analysis

Summer, 2015

Contacts

Paul Fiorilla

Associate Director of Research
Paul.Fiorilla@Yardi.com
(800) 866-1124 x5764

Dana Seeley

Senior Research Analyst
Dana.Seeley@Yardi.com
(800) 866-1124 x2035

Jack Kern

Director of Research and Publications
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Center City Revival Spurs Optimism

Philadelphia has underperformed the nation in terms of economic growth and multifamily rents and development, but the metro is seeing an influx of young adults into the urban center that has produced a sense of optimism. Like other Northeast and Mid-Atlantic cities, the metro trailed the national average in terms of job and population growth. One issue is that the city lacks a specific high-growth industry such as technology. However, Philadelphia's leading segments – including its numerous universities, health care providers, law firms and tourism – displayed signs of improvement in recent months.

What's more, Center City Philadelphia is teeming with construction, both commercial and multifamily. A number of high rise projects are in the works to be completed over the next few years that will attract office workers and residents. The city has experienced an influx of millennials has helped to transform neighborhoods to the south of Center City, where rents have been increasing at a higher pace than most of the other submarkets.

While not a high-growth market, the multifamily segment is seeing its largest development pipeline in years, and investor demand is producing strong transaction volume, especially in the luxury segment, where sales of high-rises are pushing the price-per-unit higher. We expect to see rent growth in line with the past year, about 3%, with the highest growth in the Center City and Main Line submarkets, where occupier demand is strongest.

Recent Philadelphia Transactions

The Green Tree



City: Philadelphia, PA
Buyer: Cornerstone Communities
Seller: Turchi Properties
Purchase Price: *Portfolio Transaction*

Nineteen Thirty Chestnut



City: Philadelphia, PA
Buyer: Cornerstone Communities
Seller: Turchi Properties
Purchase Price: *Portfolio Transaction*

Icon



City: Philadelphia, PA
Buyer: Castle Rock Equity Group
Purchase Price: \$112 MM
Price per Unit: \$543,689

Riverfront Heights



City: Wilmington, DE
Buyer: Evergreen Apartment Group
Purchase Price: *Unpublished*
Price per Unit: *Unpublished*